

Message Text

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ACTION SS-25

INFO OCT-01 ADP-00 /026 W

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R 281810 Z MAR 73

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TO SECSTATE WASHDC 4956

LIMITED OFFICIAL USE SECTION 1 OF 3 EC BRUSSELS 1721

EXDIS NOFORN

C O R R E C T E D C O P Y - SECTION INFO 1 OF 3 VICE 1 OF 2

E. O. 11652 N/ A

TAGS: ETRD EEC GATT

SUBJ: INITIAL DRAFT OF EC OVERALL OUTLOOK FOR FALL

GATT TRADE NEGOTIATIONS. PART I OF II.

1. THE MISSION HAS MADE AN INFORMAL TRANSLATION FROM THE FRENCH OF A PROPOSED EC PAPER SETTING OUT AN OVERALL CONCEPT FOR THE FORTHCOMING GATT TRADE NEGOTIATIONS.

THIS DOCUMENT IS THE ONE TO WHICH THE FULL EC COMMISSION IS GIVING INITIAL CONSIDERATION ON MARCH 28 AND 29, IN AN EFFORT TO CARRY OUT THE REQUIREMENT LAID DOWN IN THE EC SUMMIT IN OCTOBER FOR A COMPLETED EC POSITION BY JULY 1, 1973. ONCE THE COMMISSION HAS COMPLETED ITS REVIEW, THE DOCUMENT WILL GO TO THE COUNCIL.

2. IT IS ESSENTIAL THAT US POSSESSION OF THIS DOCUMENT NOT BECOME KNOWN.

3. THE TITLE OF THE DOCUMENT IS " DEVELOPMENT OF AN OVERALL CONCEPT IN VIEW OF THE FORTHCOMING GATT MULTILATERAL NEGOTIATIONS." ITS TEXT IS AS FOLLOWS:

4. BEGIN TEXT. INTRODUCTION. THE CREATION OF THE EEC, IN 1958, HAS NOT ONLY BROUGHT ABOUT A CHANGE IN
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ECONOMIC RELATIONS WITHIN WESTERN EUROPE; IN PARALLEL WITH CHANGES IN THE INTERNAL STRUCTURE OF THE NEW COMMUNITY A VAST EXPANSION OF TRADE BETWEEN THE LATTER AND THE OTHER PARTS OF THE WORLD HAS TAKEN PLACE, CONTINUOUSLY FACILITATED BY SUCCESSFUL MULTILATERAL TRADE NEGOTIATIONS. THESE NEGOTIATIONS-- WHICH WERE SPARKED BY THE FACT OF THE COMMUNITY'S CREATION-- WERE ABLE TO FIND SUFFICIENT SCOP

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LATTER DOCUMENTATION SHOULD SUPPORT THE FIRST DISBURSEMENT FROM THE PROGRAM LOAN. OTHER ACTIVITIES WITH APPROVED PASP'S HAVE NOT AS YET MADE SUFFICIENT PAYMENTS TO JUSTIFY PRESENTATION OF REIMBURSEMENT DOCUMENTATION.

3. THE GON'S IMPLEMENTATION AND COORDINATION OFFICE AND THE EXECUTING AGENCIES ARE ENCOUNTERING SOME DIFFICULTIES IN RAPIDLY PREPARING AND PROCESSING PROGRAM LOAN DOCUMENTATION AND THE LARGE VOLUME OF SUPPORTING DOCUMENTS SUCH AS PLANS, SPECIFICATIONS, BID DOCUMENTS AND CONTRACTS. USAID IS PROVIDING ASSISTANCE TO ACCELERATE REQUIRED ACTIONS. HOWEVER, THE PREPARATION AND PROCESSING OF PASP'S, APR'S, LCFDR'S, AND THE APPLICATION OF THE TYPE OF PROCEDURES GENERALLY ASSOCIATED WITH AID CAPITAL PROJECT GUIDELINES, WILL CONTINUE TO REQUIRE SUBSTANTIAL INPUTS OF TIME AND MAY CAUSE SLOWER THAN EXPECTED PROGRAM LOAN DISBURSEMENTS.

4. THE GON'S IMPLEMENTATION AND COORDINATION OFFICE ESTIMATES THAT UP TO \$100,000 IN REIMBURSEMENT DOCUMENTATION(LCFDR'S AND APR'S) CAN BE PRESENTED TO THE USAID IN APRIL AND POSSIBLY ANOTHER \$100,000 TO \$200,000 IN MAY. LAGS BETWEEN GON EXPENDITURES AND DOCUMENTATION PREPARATION, PRESENTATION AND ACCEPTANCE WILL PLACE AID LOAN REIMBURSEMENTS ONE TO TWO MONTHS BEHIND ACTUAL GON EXPENDITURES. FOR THIS REASON SUBSTANTIAL DISBURSEMENTS FROM THE PROGRAM LOAN WILL REQUIRE SEVERAL MORE MONTHS.

5. THE FOLLOWING ACTIVITIES ARE PROCEEDING AS INDICATED BELOW:

A. EMERGENCY HOSPITAL WAREHOUSES: A CONTRACT FOR THE CONTRUCTION OF THESE TEMPORARY WAREHOUSES HAS BEEN SIGNED AND SITE PREPARATION AND FOUNDATION WORK HAS BEEN INITIATED. CONSTRUCTION IS SCHEDULED FOR COMPLETION IN EARLY MAY. A PASP FOR THIS ACTIVITY HAS BEEN PRESENTED TO THE USAID AND PROVIDES FOR A COMMITMENT OF LOAN FUNDS OF UP TO 422,000 CORDOBAS. IMPLEMENTATION LETTER NO. 2 ACCEPTING THIS PASP WAS ISSUED ON MARCH 16. FIRST REIM-

BURSEMENT DOCUMENTS FOR THIS ACTIVITY SHOULD BE PRESENTED TO THE USAID IN APRIL.

B. EXPANSION VELEZ PAIZ HOSPITAL: CONSTRUCTION CONTINUES TO MOVE FORWARD RAPIDLY. MAJOR FOUNDATION WORK IS NEARING COMPLETION AND WALLS ARE NOW UNDER CONSTRUCTION. SIAID'S ENGINEERING OFFICE AND HOSPITAL CONSULTANT DEL CASTILLO HAVE INSPECTED
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CONSTRUCTION AND FIND IT SATISFACTORY. A PASP FOR THIS ACTIVITY HAS BEEN PRESENTED TO THE USAID AND PROVIDES FOR A COMMITMENT OF LOAN FUNDS OF UP TO 1,727,000 CORDOBAS. IMPLEMENTATION LETTER NO. 3 ACCEPTING THIS PASP IS BEING ISSUED. FIRST REIMBURSEMENT DOCUMENTS SHOULD BE PRESENTED IN EARLY APRIL.

C. DRAINAGE CANALS. THIS ACTIVITY CONTINUES TO MOVE FORWARD WITH EXCELLENT PROGRESS. CLEANING WORK ON THE CANALS IS NEARING COMPLETION AND MAJOR EMPHASIS IS NOW ON REPAIRING EARTHQUAKE DAMAGE AND EXPANDING AND LINING THE CANALS TO PREVENT DAMAGE FROM FLOODING. CURRENTLY 992 WORKERS ARE EMPLOYED ON THIS VERY LABOR INTENSIVE ACTIVITY. A PASP HAS BEEN PRESENTED TO THE USAID AND PROVIDES FOR A COMMITMENT OF LOAN FUNDS OF UP TO 5,123,000 CORDOBAS. IMPLEMENTATION LETTER NO. 3 ACCEPTING THIS PASP IS BEING ISSUED. FIRST REIMBURSEMENT DOCUMENTS FOR THIS ACTIVITY ARE BEING PREPARED AND SHOULD BE PRESENTED TO THE USAID WITHIN ANOTHER WEEK. INITIAL REIMBURSEMENT SHOULD BE IN THE AREA OF \$40,000.

D. HOSPITAL CONSTRUCTION: PLANS, SPECIFICATIONS, AND BID DOCUMENTS FOR THE CONSTRUCTION OF THESE TWO HOSPITALS HAVE BEEN COMPLETED IN RECORD TIME BY LOCAL A/ E FIRMS AND SALE OF BIDDING DOCUMENTS WILL BEGIN ON MAR 30. PLANS, SPECIFICATIONS, AND BID DOCUMENTS HAVE BEEN REVIEWED AND FOUND SATISFACTORY BY THE USAID, HOSPITAL CONSULTANT DEL CASTILLO AND THE RLA. (HOSPITAL CONSULTANT RECOMMENDATIONS FOR INTRODUCING INTO PLANS AND SPECIFICATIONS INCREASED SAFETY FACTORS FOR FIRE AND EARTHQUAKE HAVE BEEN ACCEPTED BY THE GON AND A/ E FIRMS DOING DESIGN WORK. HOSPITAL CONSULTANT WILL REMAIN IN MANAGUA FOR SEVERAL MORE WEEKS TO ASSIST COORDINATION OFFICE, CN, AND USAID IN TAKE-OFF ANALYSIS TO CHECK REASONABLE PRICE FOR CONSTRUCTION WORK.) AID REQUIREMENTS FOR US ADVERTISING OF THIS PROCUREMENT WILL DELAY INITIATION OF THIS ACTIVITY, BUT GON AND USAID HOPEFUL CONSTRUCTION CAN BEGIN IN EARLY MAY PRIOR TO BEGINNING OF RAINY SEASON. PRESENTATION OF A PASP FOR THIS ACTIVITY WILL AWAIT EVALUATION OF BIDS SO THAT EXACT COST ESTIMATES CAN BE INCLUDED IN THE PASP.

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10. IT IS APPROPRIATE TO NOTE THAT IMPLEMENTATION OF INTERNATIONAL ACTION OF THIS SCOPE IN THE TRADE FIELD WOULD BE SERIOUSLY COMPROMISED IN THE ABSENCE OF SUCCESSFUL EFFORTS TO SAFEGUARD THE WORLD ECONOMY FROM MONETARY SHOCKS AND DISEQUILIBRIA SUCH AS THOSE WHICH HAVE OCCURRED RECENTLY.

11. THE PRESENT PAPER DEALS ONLY WITH TRADE NEGOTIATIONS AND TAKES AS A POINT OF DEPARTURE THAT, IN THE MONETARY FIELD, ADEQUATE MACHINERY WILL BE DEVELOPED TO ASSURE NECESSARY EQUILIBRIUM AND STABILITY WITHIN A DESIRABLE TIME FRAME.

12. THE FOLLOWING SECTIONS DEAL SUCCESSIVELY WITH:

- GENERAL OBJECTIVES OF THE NEGOTIATIONS
- INDUSTRIAL TARIFFS
- NON- TARIFF BARRIERS
- AGRICULTURE
- LESS- DEVELOPED COUNTRIES
- SAFEGUARD CLAUSE

13. GENERAL OBJECTIVES OF THE NEGOTIATIONS. THE CHANGES IN ECONOMIC RELATIONS REQUIRE AN OVERALL EXAMINATION OF THE STRUCTURE OF THE WORLD ECONOMY AND OF THE CONDITIONS FOR A NEW INTERNATIONAL EQUILIBRIUM, WHICH WILL PERMIT AN IMPROVEMENT IN LIVING STANDARDS BY AN EXPANSION OF INTERNATIONAL ECONOMIC RELATIONS AND AN EVER- INCREASING

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LIBERALIZATION OF WORLD TRADE (COUNCIL RESOLUTION OF
DECEMBER 13, 1971).

14. TAKING THESE GENERAL CONSIDERATIONS AS
A POINT OF DEPARTURE THE OBJECTIVES OF THE NEGOTIATIONS
CAN BE SPECIFIED AS FOLLOWS:

-- TO CONSOLIDATE AND PURSUE THE
LIBERALIZATION OF INTERNATIONAL TRADE ON THE BASIS
OF RECIPROCITY AND MUTUAL ADVANTAGE;

-- TO ASSURE A BETTER EQUILIBRIUM JUSTIFICATION OF THAT
PROJECT. THIS WILL EXCLUDE NEW WAREHOUSE, FOR WHICH
ADDITIONAL AUTHORIZATION WOULD BE NEEDED.

6. IN VIEW OF EVENTUAL RELOCATION WE FEEL EXPENDITURE ON
PRESENT SITE SHOULD BE HELD TO A MINIMUM CONSISTENT WITH
PROVIDING ESSENTIAL OFFICE FACILITIES. IN THIS CONTEXT
WE BELIEVE SUCH DESIRABLE FACILITIES AS LANGUAGE ROOMS
MUST BE ELIMINATED AND ALTERNATIVE ARRANGEMENTS SUCH AS
COORDINATION WITH USIS AND TAA LANGUAGE PROGRAMS BE
UTILIZED.

7. PLANNING FOR ANNEX WILL INCLUDE AIR- HANDLING FACILI-
TIES WHICH WILL REDUCE AIR POLLUTION TO MAXIMUM EXTENT
FEASIBLE, AND PRESENT CHANCERY BUILDING WILL BE
EQUIPPED SIMILARLY. ROGERS

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